

## Letter from William H. Forbes to Alexander Graham Bell, March 5, 1879, with transcript

L. 1879 Bell Telephone W. H. Forbes to A.G.B. Folder, AT&T Mch. 5 Boston. 1877-98'  
Reorganization drawer 6

I have received your favor of the 28th, enclosing one from Mr. Hubbard, both of which I have read with attention. The gentlemen who have been buying stock in the telephone company, do not take the same view that Mr. Hubbard does as to the companies affairs.

They have found that it was attempted to do the business through an executive committee of three, one being in Boston with the New England company upon his hands, one in New York and the third, the President in Washington, also with many other affairs to attend to.

Mr. Hubbard also tried to manage the companies business as President without having anything to do with its finances or keeping the run of them.

Both of these facts shew a want of appreciation of the business necessities of the case, which is, to men conversant with such matters rather startling. The result was that when we took stock in the company it was found that instead of being free from debt, the company owed 2 New Stock holders views some \$40,000, the amount of which deficit and even the existence of it seemed to be unknown to the executive committee.

Although it proved that the promptest action was needful to save the company from disaster, nothing was said at the first director's meeting which I attended, of the necessity of any financial provision, and nothing was said about the subject until I asked the Treas. for a financial statement which it took a week or two to get.

The fact is that without you or Mr. Hubbard being aware of it the company's affairs were in so dangerous a position in December that had not the persons who then and afterwards

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bought the new stock the property would have gone into the hands of the first strong parties who stood by watching, and the old stock holders would have had to take what they could get for it, while they would probably have received no consideration whatever, either in position or control.

I do not find the least personal feeling towards Mr. Hubbard or any one, among the recent investors, and if any such exists among 3 New Stock holders preposition the old stock holders they desire to have nothing to do with it. These gentlemen simply look upon this as one among various interests in which they hold a share and for which they are accustomed to demand fair business management.

They feel that all stockholders are upon an equal footing and must be equally protected by the new board. So far however, from ignoring the patent interests, as suggested by you, they feel that in meeting your wishes and suggestions that Mr. Hubbard should be President and Mr. Sanders vice-President, and in placing these gentlemen and Mr. Eustice Hubbard upon the board, (your own name being omitted at your own request as expressed to me), when all will have a voice in the affairs of the company, that the patent interests will be fully recognized.

The committee on re-organization has not proposed to act formally upon the composition of committees or of the new board, although they may make recommendations to the stock holders. Their 4 opinion, however, as informally expressed is that if Messrs. Hubbard and Sanders are elected as President and vice-President, the new board should make a working committee who will be satisfactory to the men of business experience in the company and who should be so composed as to be likely to work well together, and to this committee should be committed the immediate supervision of the affairs of the company.

To make Mr. Hubbard Prest. and put him on this committee would be to practically continue the old condition of affairs, and this would not be satisfactory to the stock holders.. With feelings entirely friendly to Mr. Hubbard, they cannot help feeling that he

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lacks that business training which the company's affairs imperatively demand, and that nothing so proves the undesirability of placing the 5 practical part of the management in his hands, as the fact that he now believes that the business has been well managed and that it is successful, and its success due to its management.

To all of us who have looked into the matter it is very clear that such success as has been attained is owing to the remarkable nature of the invention itself and the only reason why business men are now ready to invest in the Telephone stock is the growing belief in the Telephone as of commercial value and the fact that all the stockholders are believed to recognize that the time has come to put the Company's affairs on a business footing. We hope Mr. Hubbard will come to Boston and give us his views as one of the joint committee on Friday when these matters can be frankly talked over and I hope that Mr. Hubbard and you will both come forward and join the other stockholders in the place as contemplated.

6 Mr. Eustis Hubbard just tells me that you expect to leave Washington on Thursday (tomorrow) and I shall address this in your absence to Mr. Hubbard in case he has not also left for Boston.

The committee will meet on Friday at 11, a notice would have gone out yesterday but Mr. Bradley was cabled called to Providence, by an alarming telegram about his brother and it was not attended to until today — which when a despatch was sent to Mr. Hubbard.